

FY17 Agribusiness

Summaries & Committee Recommendations – December 2016

The Commission received eighteen proposals for FY17 Agribusiness funds by the announced due date in October. Executive summaries of the proposals, staff comments and Committee recommendations from the 12/14/16 meeting are contained below. Other Business regarding existing grants is also included.

Req #	Organization	Project Title	Requested Amount	Committee recommendation
3219	Abingdon Feeder Cattle Association	Southwest Virginia Agriculture Enhancement Project	\$725,000	\$500,000
3224	Blue Ridge Center For Chinese Medicine Inc	Appalachian Herb Growers Consortium - Phase III: Refining and Expanding the Operation	\$2,000,000 loan	\$100,000 loan advance and refer balance of <\$2M loan request to VRA
3225	Town of Boones Mill	Boones Mill Year-Round Farmers Market: Renovate Blighted Building	\$127,000	\$20,000
3218	Campbell County	Central Virginia Pasture, Crops & Livestock Grant	\$499,000	\$400,000
3229	Charlotte County	Bees for the Future	\$8,300	\$8,300
3231	Grayson County	Grayson Agriculture and Technical Education (GATE) Center	\$247,095	tabled
3227	Institute for Advanced Learning and Research	Implementing Next Generation Agricultural Technologies to Improve Productivity Under Reduced Inputs	\$101,000	\$101,000
3234	ROTARY INTERNATIONAL	Stuart Rotary Field Animal Barn expansion	\$62,500	\$62,500
3222	South Hill CDA	Southern Virginia Food Hub Renovation Project	\$179,036	\$179,036
3226	Virginia Tech	SOVA Agribusiness Information Technology Program	\$104,000	\$104,000
3223	Virginia State University	On-farm Research to Establish Chickpea in Virginia	\$31,127	\$31,127
Total (18 requests/10 funding recommendations)			\$6,331,668	\$1,505,963
Balance available before/after recommendations			\$2,139,246	\$633,283

Abingdon Feeder Cattle Association, Inc.
Southwest Virginia Agriculture Enhancement Project (#3219)
\$725,000 Requested

Executive Summary Provided by Applicant: Pasture and hay are the foundation of the livestock industry in Southwest Virginia. This project will help producers purchase technology which will aid in pasture weed control, harvesting higher quality hay, and purchase improved herd bulls. All of these lead to improved animal gains and thus, increased profits. Producers will be able to purchase sprayer technology, helicopter herbicide application services for terrain too steep for tractors, and hay wrappers to aid in more timely hay harvest. This type of technology comes at a high cost and funds will be used to provide 33% cost share up to \$3,000. For example, the cost of spraying 500 acres of pasture by helicopter costs in excess of \$25,000. Advances made through sire selection have improved both the quality and pounds of calves produced.

How will this project directly assist tobacco region producers access the identified market opportunity? Participants will receive 33% cost share up to a maximum of \$3,000 per participant (farm operation) for purchases of sprayers with nozzles which minimize drift potential, precision guidance systems, aerial application where land application is not feasible, hay wrappers, or bulls.

Staff Comments: Funds are requested to provide 33% cost share up to \$3,000 to 245 participating beef cattle producers in 12 Southwest TRRC region counties for activities focused on increasing the quality of pasture, hay and herd genetics. The project will help producers purchase technology to aid in pasture weed control, harvesting higher quality hay, and purchasing genetically-improved bulls. The application also requests that 2% of the grant be used for administrative costs associated with the project. To be eligible, producers must have at least 25 cows or stocker calves and 25 acres of pasture/hay land. Estimates for the eligible equipment were provided in supplemental information provided by the applicant, which estimates a cost of approximately \$1,300-\$1,500 (up to \$6,000) for GPS guidance systems, \$1,500-\$3,500 for boom sprayers, \$1,500-\$3,500 for boomless sprayers (\$300-\$500 for ATV models), \$45 per acre for aerial application, \$9,500-\$32,500 for hay wrappers, and \$2,000-\$3,000 for bulls. A similar request was submitted to the Agribusiness program last year by the applicant but was declined. The current application requests 1/3 of the program's available funds and indicates that future requests for the project are anticipated. Before embarking on this type of cost-share, the Committee must consider the implications of approving funding for control of invasive species, in anticipation of future funding requests across the tobacco region. In this case, spraying for weeds is a long-established practice and the costs to farmers to purchase these devices/services without cost-share assistance do not appear to be a significant barrier to implementing these practices. The proposal makes the case that, with improved technology requested herein, spraying will be more precise and cost-effective with better ROI. A projected net increase in annual sales per participating producer was estimated at \$1,350, indicating that this project has a relatively quick ROI/breakeven point. Previous TRRC funded cost share programs totaling \$2.3M since 2005, including \$1M in the past four years) have supported the purchase of bulls in the 12 counties served by this project, and while there is no debate about the value of improved herd genetics, staff suggests this eligible practice should now come to an end and be removed from this request. Staff suggests that this project be implemented at a somewhat smaller scale to gauge demand for the program and acceptance of the pasture/hay cost-share incentives by producers in the 12 counties.

Committee recommends an award of \$500,000 for 33% cost share up to \$3,000 for purchases of equipment and services, excluding bulls.

Blue Ridge Center For Chinese Medicine Inc
Appalachian Herb Growers Consortium - Phase III: Refining and Expanding the Operation (#3224)
\$2,000,000 Loan Requested

Executive Summary Provided by Applicant: This project would implement Phase III (Refining and Expanding the Operations) following the successful implementation of Phase I (Start-Up & Infrastructure) and Phase II (Processing Herbs & Adding Farmers). To date, there have been successes and failures (learning experiences) through the actual implementation that turned out to be different than the Feasibility Study projected. These successes and failures have been duly noted and studied and adjustments have been made to improve the project. The project has 3 objectives: create a Chinese Medicinal Herb (CMH) industry with its first hub in the U.S. beginning in Floyd; address the supply and demand problem by providing CMH in greater amounts than known anywhere in the U.S. and distributing them via e-sales; introduce a new crop and utilize the profits to provide a living wage for farmers and to subsidize the health care services provided by the Blue Ridge Center for Chinese Medicine.

How will this project directly assist tobacco region producers access the identified market opportunity? BRCCM and its Consortium will train and assist interested farmers in the growing of CMH. In addition, this project directly connects farmers to the market opportunity by having the BRCCM Consortium handle the processing, packaging, sales, and shipping of the product (CMH) to the consumer (Chinese medicine practitioner). This approach allows the farmer to do what he/she does best: farming. It also greatly minimizes RISK associated with the project by centralizing the marketing and sales functions under the Consortium and not leaving those critical components in the hands of multiple farmers. Interest in the project and actual participation in the project has been overwhelming; the original plan was to start the project with three cohorts of 10 farmers per year for three years. Instead, the project has 54 farms participating with approximately 30,000 CMH planted and an increasing number of additional interested farmers (currently a list of 28). Without advertising!

Staff Comments: Leadership at BRCCM discussed a potential loan request with Commission staff prior to submitting this large request for loan funds. BRCCM states that loan proceeds would be used to provide operating capital, equipment, etc. for further expansion of the grower network and to increase staffing during a three year period when recent plantings are maturing and newer plantings are not yet ready for harvest. Previous Agribusiness grant funding to BRCCM has totaled \$348,722, and a Phase II project awarded a year ago is well underway to continue expansion of the grower network and central processing facilities. BRCCM was also successful securing Appalachian Regional Commission funds (\$126k) for the Phase II activities, which have grown to 54 participating growers in seven tobacco counties with 30,000 plants in the ground, and a list of 28 additional interested growers. Anticipated annual income per grower is estimated at \$15,000, with more than \$1M in aggregated annual revenue at full implementation of a network of 100 growers. BRCCM has provided evidence of substantial interest from 30,000 potential U.S. buyers (licensed/certified Chinese medicine practitioners) for domestically-grown Chinese herbal medicines, and now has equipment in place and operating at its Floyd County facility that significantly increases capacity to process plants grown on tobacco region farms. While this proposal involves the largest loan request received by the Commission to date, the tremendous national market opportunity appears to make it a solid candidate for credit analysis by Virginia Resources Authority under the new partnership to offer TRRC loans. Funding for a potential loan of up to the requested \$2M could come from the \$5 million set-aside approved by the Commission in 2015 for the initial VRA/TRRC loans. No loans

have been made to date, so those funds remain available without having to fund this request from the current Agribusiness budget.

Committee recommends a grant of \$100,000, in advance of a loan, to be converted into a loan and repaid along with the remaining loan balance upon signing of a loan agreement for up to \$2M.

Town of Boones Mill

Boones Mill Year-Round Farmers Market: Renovate Blighted Building (#3225) **\$127,000 Requested**

Executive Summary Provided by Applicant: There is no farmers market or grocery store between southern Roanoke County and Rocky Mount. Highway 220 has a high traffic count, but nearby residents and farmers alike lack a venue to buy and sell local produce. In 2016, a community of Franklin County farmers launched the Foothills Produce Auction, renting space from the Town of Boones Mill. The auction will continue seasonal sales oriented to wholesale customers. However, the industrial facility and auction process are not ideal for retail sales. A dedicated retail market will complement the Foothills auction and boost local agribusiness. This project renovates a 4,800 square-foot, dilapidated industrial building to create a new retail farmers market facility. It will have year-round capacity and a functional loading dock doubling as a stage for special events. The market will be adjacent to the historic train depot now under renovation. There is already a song about this!

How will this project directly assist tobacco region producers access the identified market opportunity? Farmers markets provide a quality venue for local producers to sell directly to residents and tourists, maximizing direct farm revenue. The Foothills Auction will continue to provide a wholesale opportunity, but retail marketing to consumers can give farmers higher unit prices. Franklin County has a growing population, notably in the northern area around Boones Mill. This provides a growing market for family farms, but it also highlights the long-term need for farm preservation through small business success. A new farmers market will connect buyers and sellers. The support letter from local Cooperative Extension agent Chris Brown attests to the niche that this market fills. The Town has not completed detailed market research. The traditional German Baptist community using the produce auction is supportive but not inclined to SurveyMonkey.com. The auction will hold a mass meeting in October to gauge interest for the 2017 season and plan for the future.

Staff Comments: The proposed site for this new farmers market in Boones Mill is the former Champion Homes manufacturing facility that comprises a complex of buildings on 73 acres that were acquired by the Town in 2011. Southside Economic Development funding and a Virginia Community Capital loan are currently being used to renovate a 50,000 square foot building on the property for multiple commercial tenants. The Foothills Produce Auction, a twice-weekly wholesale produce auction, was initiated in 2016 in another open-sided structure on the site. The proposed retail farmers market would be a new operation competing with existing markets operating 11 miles south in Rocky Mount and 14 miles north in downtown Roanoke. The proposal provides only two letters from producers, operating plans have not yet been developed, and aside from the wholesale market operating nearby, there is no track record of operating a retail farmers market to validate interest from growers and customers. None the less, the wholesale market and its 100+ participating growers demonstrates the suitability and accessibility to producers from the surrounding area. The proposal as submitted requests funds for design (\$20k) and renovation (\$40k) of a small existing

building which would accommodate ten indoor year-round spaces, in addition to 2-5 outdoor vendor spaces for summer months. An additional \$67k is requested to construct restrooms in another building on the complex. Given that the restrooms will serve attendees at other community events (music etc.) at the restored railroad depot, Staff does not feel this expense is appropriate for Agribusiness funding. The majority of proposed match is a planned request of \$195k to VDOT for depot restoration, which does not directly relate to the farmers market. In conversation with Town staff, it was mutually agreed that TRRC support of \$20k for market design would be a reasonable commitment while the Town continues to make the case for producer and consumer interest in the retail market.

Committee recommends award of \$20,000 for farmers market design costs, contingent on commitment of required matching funds.

Campbell County

Central Virginia Pasture, Crops & Livestock Grant (#3218)

\$499,000 Requested

Executive Summary Provided by Applicant: The objective of the Central Virginia Pasture, Crops & Livestock Grant is to provide assistance to producers to enhance and enable their ability for conversion of underutilized crop land to pastures, greater utilization of existing pastures, hay storage, feeding capability, and handling equipment. This will be accomplished by offering 33% cost share in five (5) components. The components consist of new projects as well as projects from previous grant programs. They are: Grain Bins & Dryers; Hay Barns; Hay Wrappers; Livestock Handling Equipment; Pasture Wells and Watering Systems; Shade Structures; Solar Power Equipment & Windmills; & Irrigation Systems. This initiative will target 15 Tobacco Commission Counties. Tobacco funds are being requested to provide matching funds for 10 Agriculture producers in each of the 15 counties. This grant would provide up to a .33% reimbursement not to exceed \$3,300 per producer. Producers must spend a minimum of \$3,000 for eligibility.

How will this project directly assist tobacco region producers access the identified market opportunity? This grant program will enable additional pasture land to be developed, provide for a better quality and quantity of food and provide for handling equipment to enhance the producer's livestock. This will enable producers to start new or increase their existing livestock herds and take advantage of the increasing demand for locally generated livestock by Seven Hills Food.

Staff Comments: Dating back to 2007, Campbell County has generously sponsored regional Agribusiness cost-share projects benefiting producers in a majority of the Southside counties, with net grant awards from seven previous Commission grants at over \$2.5 million. These projects are submitted and implemented in partnership with the local Virginia Cooperative Extension agents. The current funding request benefits producers in fifteen (15) counties in Southside, and as originally submitted includes a variety of best management practices under broader categories for a pasture program component, crop programs component, irrigation system, and livestock programs component. Many of the eligible practices, with the exception of the wells/watering systems and irrigation systems, have been supported under previous cost-share grants (i.e. grain bins, hay barns, livestock handling) and have had significant multiplier effect through purchases of equipment and construction services from local vendors. However, the applicant team indicates that with the hay barn practice alone, recent surveys show there are over 50 producers who have not had an opportunity to apply for this funding, demonstrating the demand. Staff notes that under two

previous commodity storage grants, matching investments from producers was nearly four times (4X) the TRRC investment, far exceeding the 2:1 match requirement on the program, and the majority of purchases were with local construction contractors and suppliers, which emphasizes the local economic impact of this type of project on the regional economy. With the current request staff has been in negotiation with the project sponsors on some changes. First, there were concerns with the pasture program component which includes wells/watering systems as eligible costs, being duplicative of eligible costs under practices funded through the Virginia Agriculture BMP Cost-Share Program managed by the Virginia Department of Conservation and Recreation (specifically the BMPs related to keeping livestock out of streams). The applicant has agreed to further develop the guidelines for this practice to exclude pasture within proximity to streams and waterways that would make them eligible for the DCR program, so that any concerns with TRRC funding supplanting other state funds would be alleviated. Other concerns related to assuring that funding for wells to provide water for livestock would only support costs for productive wells - and that they would not be allowed to be used for residential - will also be addressed in the revisions. Next, the proposal did not include a strong economic benefits argument for the irrigation practices included in the request and the applicant has agreed to pull this component from the request, in order to further develop it for possible consideration at a later date. Lastly, in order to reduce the scope on the type of practices that would be eligible for funding under this award, it was agreed that hay wrappers and shade structures would be removed from the eligible practice list. (Hay wrappers are an eligible practice under a current cost-share grant awarded in January 2016; and shade structures were noted as being an eligible practice for federal funding from NRCS, and therefore would require an additional administrative process to verify that the producer was not eligible for the federal funding. It was therefore decided that it would be best to remove it from this request). Campbell County has indicated that a reduced award of \$400,000 would be sufficient to serve the fifteen counties with the practices that were agreed to be included in a recommended award. This would allow for at least 121 producers to benefit from the project (at least eight in each county), supporting the Commission's outcome measures for this program and the key funding priority focused on support of programs that increase agribusiness profitability.

Committee recommends a grant award of \$400,000, contingent on final guidelines for the cost-share program, and specifically the changes agreed to for the pasture program component, being approved by grants staff prior to initiating the program.

Charlotte County

Bees for the Future (#3229)

\$8,300 Requested

Executive Summary Provided by Applicant: The "Bees for the Future" project is a partnership between Charlotte County and The Heart of Virginia Beekeepers Association to train new beekeepers and establish new honeybee hives in Southside Virginia in order to improve pollination and increase crop yields. Grant funding would be used to help up to twenty individuals or family groups complete the "Practical Beekeeping for Beginners" course developed by the Northern Virginia Beekeeping Teachers Consortium (NVBTC) and purchase essential equipment and supplies to establish two new beehives. "Practical Beekeeping for Beginners," is a comprehensive, research-based curriculum consisting of a minimum of fourteen classroom hours, fieldwork, and a mentoring program. The program is designed to provide new beekeepers with the knowledge and support they

need to successfully establish and maintain new honeybee hives. Classes, taught by an NVBTC master beekeeper, would be held in Farmville.

How will this project directly assist tobacco region producers access the identified market opportunity? An increase in the local pollinator population resulting from the "Bees for the Future" project would improve local crop yields, allowing farms in the service area to provide quality produce at competitive prices and helping them maximize profits. In addition, improved crop yields would result in more efficient land use, potentially freeing up land for other uses, an important benefit to small-scale farms and those pursuing more intensive production methods.

Staff Comments: This is a small request to support 50% of the direct costs for instruction and supplies to establish twenty new beekeepers in at least five tobacco region counties. A detailed budget and list of eligible equipment and supply items was provided. The Commission previously provided \$118,900 under two "No Bees: No Crops" grants to support cost-share on expansion of honeybee hives for existing and new beekeepers in the Southside counties in 2009 and 2011. This request targets new beekeepers only and includes a robust and proven training program requiring at least fourteen classroom hours, fieldwork, and a mentoring program. The state apiarist with VDACS reports current annual hive loss rates of ~ 30% in Virginia. Meanwhile, there is no question that bees are essential to supporting maximum yields on a large number of fruit and vegetable crops grown in the targeted counties. Crops seeing increases in sales volumes at the Southside Produce Auction in Cullen (Charlotte County) that are largely dependent on honeybees for pollination include peaches, apples, watermelon, cantaloupe, squash, pumpkins, cabbages, peppers, cucumbers, onions and green beans. The return on investment from this project will accrue to farmers through stable and increased crop yields as a result of an expanded number of beekeepers serving the region for many years to come.

Committee recommends a grant award of \$8,300.

Institute for Advanced Learning and Research
Implementing Next Generation Agricultural Technologies to Improve
Productivity Under Reduced Inputs (#3227)
\$101,000 Requested

Executive Summary Provided by Applicant: Precision agriculture describes a bundle of new technologies applied to the management of both large and small scale commercial agriculture. This is accomplished by utilizing an array of sensors, imaging, and data aimed at improving crop management by reducing labor costs associated with data gathering and analysis and by identifying yield enhancing inputs. This applied research and education proposed project focuses on 1) implementing in-depth multi-seasonal farm surveys and analyses with 20 farms within a 6 county region utilizing unmanned aerial systems (UAS) and 2) introducing precision agriculture technologies through workshops and informal outreach to a wide variety of participants in partnership with Virginia Tech, Cooperative Extension, VDACS, FFA, DCR and others. This project aims to increase agricultural profits, production, and sustainability through effective and efficient utilization of resources at a field specific level and to introduce existing and potential farmers to these technologies to increase sustainable agribusinesses.

How will this project directly assist tobacco region producers access the identified market opportunity? This project will directly assist 20 tobacco region producers realize the benefits of precision agriculture. In many instances, small or medium sized farms do not have the resources to

invest in cutting edge technologies like the AgBot. IALR is committed to being a leader in the field of precision agriculture by focusing on small and mid-sized farms who are not often granted the opportunities to benefit from advanced technologies and the expertise to best utilize them because they lack the leverage of large industrial farms. IALR can offer these technologies at no cost to these producers. Measurable outcomes will include cost reductions in labor, fertilizer, and pesticide use, yield increases, efficiencies of fertilizer and water use, and adoption of technologies

Staff Comments: This proposal provides a very solid project design for an innovative use of the AgBot vehicle and drone technology to assist farmers in improving agriculture production and reducing costs. Funds are requested to support start-up costs over two years for a new full-time technician position, which IALR indicates that they plan to sustain in their annual operating budget if the benefits of this precision agriculture program prove valuable. IALR intends to work with twenty (20) farms in six tobacco region counties, representing a variety of crops including tobacco, strawberry, vineyards, vegetable, grains and legumes. The scope of the project includes “mission” trips to collect data; data analysis and mapping; development of site specific action plans for each farm; and education and outreach to train producers and agribusiness professionals on the benefits of this technology. The project includes partnerships and strong letters of support from Virginia Tech’s College of Agriculture, VCE’s Central District Office, and Patrick Henry Community College. The return on investment to producers that is expected to result is from the development of agronomic management practices using aerial data for maximizing yield and quality of farm products, and in reducing input costs related to irrigation, fertilizer and chemical application. This request is consistent with the Commission’s key funding priority that focuses on agribusiness support programs that increase agribusiness productivity and innovation.

Committee recommends grant award of \$101,000.

ROTARY INTERNATIONAL

Stuart Rotary Field Animal Barn expansion (#3234)

\$62,500 Requested

Executive Summary Provided by Applicant: Two 40 foot by 76 foot additions plus infrastructure to the existing animal barn located on Rotary Field in Stuart, VA.

How will this project directly assist tobacco region producers access the identified market opportunity? Our partners will make the producers aware of the facility and what it means to them economically to take advantage of marketing/buying animals remotely from a local facility. Show animal exhibitors will gain access to higher genetics without excess travel.

Staff Comments: The applicant has provided substantial additional information in response to TRRC Staff questions, including the following: - the site is owned by the Stuart Rotary and leased to Patrick County, which is responsible for maintenance; - current buildings are entirely built out with stalls, and the facility lacks a show ring that is the focus of this request; - additional quotes from contractors indicate a total construction cost of \$125k; - beef cattle auctions will be conducted by the Patrick County Cattlemen's Association via Tel-O-Auction in conjunction with VA Cattlemen's Association and Pulaski Livestock Market. Other auctions such as commingling of small ruminants etc will be conducted by local breed associations; - the majority of Patrick County livestock are sold outside the county at sites in Wythe, Floyd, Bedford and North Carolina. The resulting information indicates that multiple auctions and shows could be held annually at this accessible site off U.S.

Route 58, and help producers gain additional revenue by avoiding livestock weight loss and stress during transportation of animals to auction sites well outside the County. As such, this facility would benefit multiple livestock sectors and producers at a far lower cost than similar (albeit more multi-faceted) facilities the Commission has supported in Buckingham, Dickenson, Halifax, Pittsylvania and Wythe. Operation of sales appears to be well-coordinated with VCA's longstanding Tel-O-Auction system, and would provide a facility like no other in any adjacent counties. The addition of a show ring could also assist in creating a local 4-H livestock club and provide a site for livestock producer educational programming. This modest one-time request appears to benefit a wide array of producers in a region that lacks facilities such as this for marketing tobacco region livestock.

Committee recommends award of \$62,500 for no more than 50% of the construction and related costs, with construction work to be bid in accordance with the Virginia Public Procurement Act.

South Hill CDA

Southern Virginia Food Hub Renovation Project (#3222)

\$179,036 Requested

Executive Summary Provided by Applicant: The primary goal of the Southern Virginia Food Hub (SVFH) is to create successful agribusinesses in our community and to preserve the heritage of our family farms and local cuisine. There will be several components to the SVFH. A retail food market will increase the availability of local products to consumers, beyond the limited hours of traditional farmers markets. A commercial kitchen and dairy processing room will be used by local farmers and food artisans to transform local milk, produce and meats into value-added products. These goods will then be available for sale through the retail food market section and ready to eat deli of the SVFH. A community room will be used to teach agribusiness, cooking, food preservation and sustainable farming classes in conjunction with the SVFH's partners at Virginia State University and the Cooperative Extension. It will also be used to host local food and agribusiness events.

How will this project directly assist tobacco region producers access the identified market opportunity? This project will directly assist tobacco region producers who are exploring value-added food enterprises and market outlets for local foods as potential income replacement options. Thirty total producers, entrepreneurs and government officials from seven Tobacco Commission counties have written letters of support for this project. These letters can be found in the attachments. They clearly see how the SVFH will directly and positively impact their farms and cottage food businesses. Lack of small-scale marketing and distribution outlets contribute to small farm decline. Establishing a reliable market connection between local food consumers and small farms may ensure greater economic stability to local communities. This project will benefit the service area by offering additional market outlets (retail market & website) for producers to sell to consumers as well as a commercial kitchen to produce value-added products. All products will be branded as "Southern Virginia" in origin, expanding marketing opportunities and consumer recognition.

Staff Comments: SVFH continues to receive technical assistance and support from a wide array of state and local organizations including VT & VSU Cooperative Extension and faculty, the Longwood SBDC, Virginia Tourism, Southside PDC, and the Mecklenburg County IDA. More than two dozen letters of support were provided from farms and governmental organizations. Funding

has been committed from Virginia DHCD (\$179k IRF grant, for which this request would serve as required match), a TRRC FY16 Agribusiness grant of \$79k for equipment, and an in-kind contribution of the building that is owned by the South Hill CDA and assessed at \$115k. A funding request to USDA's Local Foods Promotion Program for additional equipment and start-up operating funds was apparently denied, but the project leaders are working with DHCD on additional BEE funding (Building Entrepreneurial Economies), as well as USDA Value-Added Producer grants. The reported Outcomes anticipate growing from the current 18 participating producers, to a total of 75, which could potentially extend benefits across a significant swath of Southern Virginia. Additional information from the business plan and well-detailed operating pro forma indicate annual purchasing of more than \$100k of goods for sale in the Food Hub. The application states *"The SVFH will be formed as a nonprofit 501 (c)(3). It will be operated under the guidance of its advisory board, comprised of 14 members from across southern Virginia. Board members include farmers, producers, educators and government officials from seven counties in southern Virginia. Any profits of the SVFH will be redirected charitably into the local agriculture community. Ann Taylor Wright has been selected as the SVFH Director and will oversee the operation of the facility."* SVFH has not yet incorporated or filed for IRS tax exempt status, and reportedly is awaiting the outcome of this grant proposal to do so. Any consideration of grant funding must be contingent on SVFH getting 501c3 nonprofit or cooperative approval and operating under a governing board, compliant with SCC and IRS governance and reporting requirements, otherwise the risk is that this could be operated as a private business. The proposed project is innovative, perhaps the first of its kind in Virginia, and presents some risk if the business model is not successful. In the latter event, TRRC funds would primarily remain in the CDA-owned building in downtown South Hill (adjacent to the Colonial Theater) and in equipment that would have resale value. Given the substantial funding and business assistance committed by so many entities, the Commission's risk is somewhat mitigated by other investors in this project. Given the individual success of the participating producers and the greater public interest in "Buy Fresh, Buy Local," the ability for customers to purchase an array of locally-produced products in a central site open six days per week seems to be a concept with merit, and worthy of somewhat risky "venture capital" in the form of this requested grant and the other committed funding.

Committee recommends an award of \$179,036, contingent on SVFH obtaining IRS non-profit/cooperative status, and that all necessary start-up operating funds are committed.

Virginia Tech

SOVA Agribusiness Information Technology Program (#3226)

\$104,000 Requested

Executive Summary Provided by Applicant: The objective of the SOVA Agribusiness Information Technology Program is to increase producers' utilization of financial and production record keeping systems as business management tools. Crop and Livestock producers who implement production record keeping systems will be able to sort data, track performance and make strategic planning decisions, ultimately saving money on inputs and increasing production performance and efficiency. Agritourism/Direct Marketing operations implementing website development will have increased sales revenues from new online buyers and referrals. In order to encourage adoption of these technologies, TRRC funds will provide 50% reimbursement (not to exceed \$1,900 cost-share per producer) to agribusiness operators on laptop computers, Quickbooks financial record keeping software, FarmLogic record keeping software, CattlePro record keeping software, and professional website development. Educational sessions will be provided for each best

practice. This pilot initiative will serve 60 producers in 7 Tobacco Commission localities: Pittsylvania, Halifax, Campbell, Bedford, Franklin, Henry and Wythe.

How will this project directly assist tobacco region producers access the identified market opportunity? This cost-share program is designed to encourage producers to implement information technology tools into agribusiness management practices. Cost share will be provided on laptop computers and Quickbooks financial record keeping software, as well as one of three distinct best practices: FarmLogic record keeping system for crop producers, CattlePro record keeping system for livestock producers, and Website Development for Agritourism/Direct Marketing operations. Producers are expected to recoup costs of IT purchases within the first year. Cattle producers implementing CattlePro are expected to increase net return per cow by approximately \$240. Agritourism/Direct Marketers implementing website development are expected to increase revenue by 39%. Crop producers implementing FarmLogic will see reductions in expenses and/or increased efficiency which will vary based on producer and type/size of operation. In addition to cost share, hands-on educational sessions will be provided on value and implementation of each best practice.

Staff Comments: This request is an innovative idea for increasing producer productivity through the use of record keeping systems; and for developing website enhancements for agriculture operations that increase direct sales. It is designed as a pilot cost-share program targeted to producers in seven (7) tobacco region counties; where results from the pilot, if they prove favorable, would then be used to promote these practices to a broader group of producers across the tobacco region. Staff has been in discussion with the applicant project team on suggested modifications to the proposed guidelines and all comments were received favorably. This included limiting the website development practice to agribusiness operations that are establishing or enhancing a direct sales mechanism, such that this investment would directly relate to TRRC's outcome measure for increasing net farm income; as well as limiting the cost share amount to one-third (33.3%) and a maximum \$1,200 per participant, in order to increase producer investment and increase the number of producers that can be served through this pilot. This latter change will allow for at least eighty-three (83) producers to be supported by this project. The applicant has received favorable feedback that this program will be a strong complement to the VDACS Farm Business Development Fund program that in late-November named its first recipients, where applicants to FBDF will need to demonstrate some level of investment and dedication to business planning. Return on investment content in the application included a Beef Magazine article that suggests up to \$237 increased net return per cow for producers with stronger record keeping systems. This project supports the Commission's key funding priority that is focused on supporting programs that increase agribusiness profitability; and provides for measurable outcomes related to producer participation and results for increasing farm income.

Committee recommends a grant award of \$104,000 for 33.3% cost-share on eligible practices with a maximum payment of \$1,200 per producer.

Virginia State University

On-farm Research to Establish Chickpea in Virginia (#3223)

\$31,127 Requested

Executive Summary Provided by Applicant: This project is a continuation of two previous projects funded by Tobacco Commission: “Biodiesel and Legume Feed/Food Crops to Alleviate Loss of Tobacco as a Cash Crop, 2010-2013, #1982” and “New Crops for Tobacco Farmers in Virginia. II. Chickpea and Sesame, 2013-2016, #2614”. During 2016, several chickpea varieties were grown in western Dinwiddie County and chickpea variety named “VSU-15X) was identified as adapted to Virginia. The proposal during 2016 plans to conduct on-farm research in Western Dinwiddie County in about 4-5 farms to multiply the seed and to further study the potential of this variety. The reasons for selection of farms ONLY in western Dinwiddie County are: availability of appropriate soil type and ease of access for VSU staff. It is expected that these locations will be visited by investigators 2-3 times per week to ensure that all needed activities related to production are followed.

How will this project directly assist tobacco region producers access the identified market opportunity? Tobacco region producers will have a new crop to be produced in large quantities for sale to a company located in Colonial Heights, Virginia. It is estimated that up to 100,000 acres of chickpea could be produced by erstwhile tobacco farmers in Virginia.

Staff Comments: The potential opportunity for growing chickpeas as an alternative crop for the tobacco region is driven by the location of Sabra, an international company that produces hummus, located in Colonial Heights, north of Petersburg. Sabra has identified an annual market for about 50,000 acres worth of chickpeas for their typical plant operation. Based on estimated yield of 1500 pounds per acre, a purchase price of ~ \$0.75 per pound and costs of ~ \$300 per acre; the potential net return to producers for growing chickpeas is up to \$825 per acre. The market opportunity with Sabra is valued at many millions of dollars; and it is noted that operations at the Virginia food production facility have recently increased to three shifts, resulting in a demand for as much as 150,000 acres of chickpeas. The potential market opportunity is well-known and enormous. However, in order for farmers to enter this market there must be a suitable chickpea variety that can be successfully grown with sufficient yields, manageable input costs, and that can consistently meet quality expectations for Sabra. The principal investigator with this project has been involved with evaluation of chickpeas as a new crop for well over a decade; and he has specifically worked on varieties that would be suitable to meet demands for Sabra since at least 2010. The Commission has awarded two Agribusiness grants totaling \$423,750 to support this research in the past; however, due to delays in research activities, de-obligations have resulted in the net award total for these two grants being ~ \$233,953. Recent varietal research results appear promising and this modest funding request is to support five farm trials in Dinwiddie County with a variety identified by VSU as adapted to Virginia. Staff has been in discussion with VSU to clarify details in the project budget and to assure that sufficient funds would be available to meet the 1:1 match requirement. This project is consistent with the Commission’s outcome metrics for alternative crops; and the key funding priority to support agribusiness programs that support diversity of the region’s agriculture outputs and profitability.

Committee recommends a grant award of \$31,127, contingent on commitment of required matching funds per Commission policy.

OTHER BUSINESS

Virginia State University

Revitalization of Tobacco Farms thru High Value Edamame Production (Phase II) (#2617)

Request for 6th month extension to July 8, 2017 (Current End Date is January 8, 2017)

In January 2016, the Commission approved a reduced funding request of \$114,822 for grant #3111 to support expansion of the Edamame initiative with VSU. With this approval there was also an approval for the repurposing of \$50,000 under an older edamame grant (#2617), for the purchase of one of the two requested harvesters included in the original funding request for #3111. This equipment, two ASA-Lift GB1000 Harvesters is being purchased from a company in Denmark, ASA Lift, through their U.S. representative Paul Miller Farms. Due to delays with the state procurement process and the lead time required by the manufacturer for assembly of the equipment once the order was received, this equipment is not expected to be delivered until sometime in January 2017. VSU is requesting a 6th month extension on this grant, to allow for any further unanticipated delays and to provide sufficient time for receiving and acceptance on the equipment.

Committee recommends a 6th month extension to July 8, 2017.